

**QUESTIONS FOR ROBERT C. BOBB
APPOINTED EMERGENCY FINANCIAL MANAGER
FOR THE
DETROIT PUBLIC SCHOOLS**

1. Why do you want to be the emergency financial manger for the Detroit Public Schools (DPS)?

The challenge(s) of reversing the financial deficits of the Detroit Public School District (DPS) is an opportunity too enticing to turn down. I have spent most of my career making cities work. I am an expert on urban government issues. My combination of education and experience uniquely qualifies me for this assignment. I want this challenge! My urban government expertise and my understanding that a strong public education system is essential to the overall quality of life in a city, is a significant advantage. Further, I want to demonstrate, by working with elected officials and the community, that we can create a better future for the children of Detroit. I am totally committed to bringing about systemic and long-lasting change.

2. What powers do you believe you have as emergency financial manager of the DPS?

I have all the powers afforded the position of Emergency Financial Manager pursuant to Section 38(1) of the Local Government Fiscal Responsibility Act, 1990 PA 72, MCL 141.1201 to 141.1291 (the Act.) I have studied the provisions of Act 72 as it pertains to my responsibilities as Emergency Financial Manager, and I will exercise the authority granted the position in a judicial and responsible manner.

3. What experience do you have in eliminating deficits that are several hundred million dollars?

I have managed five (5) major urban US cities and have balanced the budget each fiscal year. The cities I managed were consistently awarded the Government Finance Officers Association (GFOA) Award for Excellence in Budgeting. I have eliminated budget deficits and I am an expert in doing so. I have accomplished this in every city I have managed except the City of Santa Ana, California, where there was no need to do so.

There is not a city that I have managed wherein I did not institute sound fiscal policies, and when I left those cities, each had a strong, "Undesignated Fund Balance." Most recently, I consulted with the Mayor of Oakland, California and his executive team to eliminate a \$38 million budget deficit. As part of my consultant work, we provided recommendations and a template for the City of Oakland to develop a multi-year financial plan including a plan to eliminate structural deficits in a number of funds.

The bottom line, I have considerable experience in balancing budgets, implementing strong financial policies, addressing structural budget issues, and eliminating deficits.

4. What experience do you have working with community groups and parents to resolve issues?

I have broad experience and tremendous confidence in my ability to work with community groups. My philosophy is that the best way to formulate and implement public policy is to work closely with various segments of the community. These may range from specific neighborhood issues or broad city-wide issues. For example, when I started my career in Kalamazoo, Michigan, one of my first assignments was to implement the new federal Housing and Urban Development Community Development Block Grant Programs which mandated a close working relationship with the community. I led the city administration's efforts in that regard. In Richmond, Virginia, I started the Neighborhood Team Process, which organized citizens across the city (from the poorest

neighborhoods to the wealthiest neighborhoods) to have direct input into how capital dollars were spent and how neighborhood issues were resolved. I currently serve on the Board of Directors of Northwest One in Washington, DC which is a citizen-driven organization, empowered to serve a very low income area.

I have extensive experience in working with Neighborhood Crime Prevention Councils. Over the years I have attended hundreds community meetings to resolve issues and to solicit the community's input on important policy issues. As a former City Manager/City Administrator I recognize the importance and power of working with citizens and community-based organizations to improve the quality of life in a city.

5. As President of the school board, what steps did you take in Washington, D.C. to improve services and balance the budget?

To clarify, in Washington, DC, I served as an elected member of the District of Columbia School Board for 6 months and as President of the District of Columbia State Board of Education for 18 months. In both capacities, I worked closely with the superintendents. The budget process was "informed" by each school's Citizen Review Team which is led by parents, by the Master Education Plan, the Master Facilities Plan, community input, and through public hearings. As President of the Board, I led the budget process with my fellow Board members and we submitted our budget to the Council of the District of Columbia for its consideration and approval.

Again, we submitted a balanced budget in accordance with the "budget mark" provided by the District's Chief Finance Officer. The budget recommended spending in several key areas such as improving student achievement, creating parent centers, with a focus on reading, mathematics, science, and school climate. The capital budget recommended spending on school modernization and the construction of new schools.

6. What directions have you received from the Governor's office on your duties?

The Governor and the Governor's Office consistently communicated the urgency to rectify the fiscal problems in the Detroit Public Schools. As such, the direction I have been given is to fully discharge the duties and responsibilities as outlined in Public Act 72, Section 38 (1).

Further, to implement the Consent Agreement between the Detroit Public Schools and the Governor's Financial Management Review Team. Work with the existing Board of Education, the political leadership, the community, and parents to repair and restore the fiscal affairs of DPS.

7. It has been reported that the DPS could receive up to \$757 million from the federal stimulus package. What are your thoughts on how this would fit in with the deficit reduction plan for the District?

I have not seen the final numbers, as of this writing. My initial reaction is that the Federal Stimulus Package Incentives would have to be reviewed carefully as to specific guidelines and reporting requirements. As to "how" the funds can be used, I would be very careful **not** to use "one time revenues" to cover recurring expenditures. I will have more thoughts on how the funds can be used prior to my confirmation hearing.

8. Given the pending case of Briggs tax Service, L.L.C. v. Detroit Public schools, Detroit Board of Education, City of Detroit and Wayne County Treasurer, where it is alleged that the Detroit Public School district illegally collected \$259 million in property taxes after a millage had expired, what will you do if the school district is held liable and has to refund the money?

It is my understanding that this case has been referred to the Michigan Supreme Court for its review. If the Supreme Court hears the case and rules against the City, the Court may or may not have specific instructions for DPS as to how to implement its decision.

However, should there be a substantial award against DPS I would implement the law, fully. It could and most likely would mean deep cuts in personnel and programs. It could also mean going back to citizens for an additional millage to avoid deep cuts in programs. It seems, however, inappropriate to ask citizens to tax themselves in order to reimburse themselves. An alternative could be a negotiated structured settlement with the plaintiffs.

9. What long term safeguards need to be put into a deficit reduction plan to prevent future problems?

- Must be required by law to balance the Annual Budget; i.e. revenues equal expenditures
- Must be required to have a five (5) year Financial Plan and policies to implement the plan
- Must have a plan to eliminate any and all structural deficits and balance all funds
- Must have a Debt Limitation Policy to secure favorable bond ratings, which lower the cost of borrowing
- Must have a very strong internal team of financial experts and budget experts. A “retention policy” to retain and award high performers
- Must have a long term Master Education Plan for DPS which is aligned with a Master Facilities Plan and Long Term Financial Plan

Finally, the School Board must be disciplined to stay the course, regardless of political difficulties.

10. The Review Team’s consent agreement called for, “sufficiently address(ing) any current operating deficit in any fund maintained by the School District by not later than June 30, 2010.” Do you think this is feasible?

I will have to make my independent assessment early on to determine if it is feasible to balance all operating funds by 2010. It is my intention, however, to balance all funds as quickly as possible.

My concern is the non-alignment of the budget balancing requirements to the Academic Plan. A plan which does not exist, currently.

11. According to the December 23 letter from State Superintendent Mike Flanagan to the DPS board of education, the District’s deficit elimination plan included differing indications as to how many instructional staff would be laid off during the 2008-2009 school year. Do you have an idea of how many employees will have to be laid off?

Currently, I have no idea how many staff people will be laid off. However, layoffs must be prioritized to minimize the impact on teaching and learning. Given the current budget crisis, layoffs are inevitable. Balancing the budget and fixing the financial crisis is top priority. Unfortunately, personnel and some services will be impacted.

12. According to the December 23 letter from Mike Flanagan to the DPS board of education, the district's elimination plan included "two contradictory deficit balances for June 30, 2008 (neither of which comported with the audit report). How do you propose to reconcile this type of problem?

One of the first "All Hands" meetings I will have is with, not only auditors, but all key personnel responsible for the budget. We must know what the deficit really is and that process will be done, quickly.

There will be weekly briefings on the financial status of DPS; which will include a daily "cash flow analysis" until I am satisfied that we are moving the right direction.

As an aside, I assisted the Mayor of Oakland and his senior staff in solving the very problem addressed in this question.

13. If school closings and layoffs are necessary when would you begin implementing these actions? How would you go about closing a school down?

School closing and layoffs, given the budget crisis and the need to "right size" the system based on student population, will occur within a few months of my tenure. I will be strategic and the decisions will be financial and data driven.

14. Do you have experience working with labor unions when layoffs are imminent?

Yes. I have worked with unions in Kalamazoo, Michigan; Oakland, California; and Washington, DC. I have considerable experience in labor negotiations, labor management partnerships, and in managing layoffs when necessary.

15. How do you plan to develop a relationship with the school board so that you are able to accomplish your goals of putting the district's fiscal house in order?

What I bring to this job is the fact that I have been an elected member of a school board. I won election in a city-wide race for President of the District of Columbia School Board; a position, which later became President of the District of Columbia State Board of Education.

I will articulate my role and responsibilities to the current school board and seek opportunities for us to work together, cooperatively, on behalf of children.

I can assist the school board in developing the Master Education Plan for DPS, with the community's input and involvement; and align that plan to a Long Term Financial Plan.

16. The Review Team appointed by the Governor found the DPS administration and the DPS board of education were unable to work cooperatively in a consistent manner over time. How would you deal with this problem?

There is always a level of tension between policy and administration. Again, because I have been both administration, working with and for elected officials and an elected school board member, I can advise both on the necessity of working together. I will offer to train both on the differences between policy and administration, in order to appreciate the cooperative and find common ground when the lines are “blurred.”

Finally, it must be stressed that the adults must put children first.

17. What do you think of borrowing money to address the DPS deficit?

I think that borrowing money and thus incurring high interest payments is **not** a prudent way to balance the budget. **I would oppose borrowing and creating long-term debt to reduce the deficit.** Not a good idea. Short term borrowing **with an immediate pay off plan** is acceptable, and indeed a normal way of doing business. However, borrowing to support sustained expenses, creates long term deficits and is unacceptable.

18. There are news reports that a school in the DPS system is asking for donations of such basic items as toilet paper and light bulbs so that they can continue to function. Please comment on this situation.

Safety and clean facilities are two very basic obligations of responsibility in providing a quality learning environment. It need not be said that (if true) this is a grievous infraction of responsibility.

19. Beyond the financial benchmarks, what will you be looking at to determine whether or not you are successful?

Critical to our success is balancing the budget, fixing the structural deficit and aligning our work with a **visionary Master Education Plan** with focus on improving student achievement.

20. The DPS district has a number of unused buildings, which are both a liability to the district and create problems in the areas where they are located. Are you open to selling or leasing unused buildings to other educational providers as a way to help the District's financial problems?

Absolutely, I am interested in selling or leasing unused school buildings. Furthermore, I am interested in leasing or selling those buildings to other educational providers. Immediately, they should be placed into productive use which would, in addition, eliminate these buildings from becoming a blight on the neighborhood.

21. In October of 2007, the Washington Times reported that you were paid a bonus of \$15,600 for your work as city administrator 30 days after you left office. Can you please explain the circumstances surrounding this and how it was resolved?

My former supervisor, Mayor Anthony Williams, awarded his executive team bonuses based on Their Annual Performance Evaluation. I was awarded a bonus based on my job performance **for**

2006. I saw the article; however no one from the District Government contacted me. Nor was I contacted by the Washington Times. The bonus was fully lawful.

22. In June of 2007, the Washington Times reported that a District of Columbia (DC) employee was overpaid \$75,000 by accident. As city administrator for the DC you waived collection and allowed the employee to keep the money. Eventually, your decision was overruled when the DC personnel office determined that you alone did not have the authority to approve the waiver. Please explain the circumstances surrounding this incident and why you made the decision to grant the waiver.

In 2006 I granted that employee pension benefits of \$75,000, which I had the authorization to do. The Personnel Director objected to payment of those benefits. The Interim City Administrator and Mayor Anthony Williams overruled the Personnel Director and granted the award.

Again, I was not contacted by the Washington Times regarding this story.